WEEKLY ECONOMIC REVIEW

February 22, 2008

Alberta's annual inflation rate cooled to 3.6% in January from 4.1% in December, the lowest rate since November 2006. The moderation was largely attributed to the one percentage point cut in GST which took effect in January and a reduction in motor vehicle prices.

Nationally, the CPI inflation dropped to 2.2%, its lowest level in five months. The Bank of Canada's annual core inflation was 1.4%, the smallest gain since July 2005.

Alberta retail sales were up 0.4% in December, the third consecutive month of increases. In 2007, sales in Alberta rose 9.0%, following a strong growth of 15.6% in 2006. National retail sales increased by 0.6% in December, on the strength of new car sales. For 2007 as a whole, sales in Canada were up 5.8% from 2006, the second highest growth since 2002.

In contrast to Canada's benign inflation, U.S. inflation increased to 4.3% in January from 4.1% in December. The persistent rise in energy and food costs continued to put upward pressure on consumer prices.

U.S. housing starts increased by only 0.8% to an annualized pace of 1.012 million units in January from December, while the number of housing permits fell 3.0% to 1.048 million, the lowest level since 1991.

Cdn Dollar (US¢/CS)

February 22, 2008	$98.46
February 15, 2008	$99.84
2007-08 YTD	$96.76

WTI Oil US$/bbl

February 21, 2008	$ 98.23
February 14, 2008	$ 95.46
2007-08 YTD	$ 79.46

Nymex Natural Gas CS/MMBtu*
March Contract

February 22, 2008	$ 8.90
February 15, 2008	$ 8.73

*Estimate based on Nymex Futures Market Price

U.S. housing starts were down 55% from their January 2006 peak, and have tumbled 31% in the past seven months alone. With new home sales still falling faster than housing starts, most analysts expect that the latter will fall further this year.

The Federal Reserve Board lowered its U.S. economic growth forecast for 2008 to between 1.3% and 2.0% due to the deepening housing slump and tighter credit conditions.

On Thursday, oil prices slid back to US$98.23 from Wednesday's record high of US$100.74 after a stronger-than-expected rise in U.S. crude-oil reserves. During the week, oil prices jumped US$2.77 on refinery worries, supply concerns and a weak US dollar.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Consumer Price Index	**January**			
Alberta	118.8	-0.1%	3.6%	3.6%
Canada	111.8	-0.2%	2.2%	2.2%
Retail Trade ($ Millions)	**December**			
Alberta	5,174	0.4%	6.8%	9.0%
Canada	35,100	0.6%	5.2%	5.8%
Wholesale Trade ($ Millions)	**December**			
Alberta	5,365	-2.9%	-0.6%	4.7%
Canada	42,737	-4.2%	3.6%	5.8%

Source: Statistics Canada.
[1]Year-to-date compared to the same period in the previous year